

BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

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PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events
13 - 26 February 1959

The first shipments of a Soviet gift of 40,000 tons of wheat began arriving in Afghanistan on 27 January, less than 2 weeks after the USSR had announced its intention to assist the Afghans during their current wheat shortage. The quick delivery and the much-publicized Soviet terms of "absolutely no strings attached" have provided effective propaganda for the USSR.

The Indonesian government has accepted a Polish offer to assist in the expansion of an arms factory at Bandung, Java. In winning the contract, Poland offered better terms than West Germany, Italy, Yugoslavia, and Czechoslovakia.

The government of Guinea has now signed economic agreements with East Germany, Czechoslovakia, and the USSR, and diplomatic relations have been established with Czechoslovakia, Hungary, and Bulgaria. A Guinean delegation, including the Minister of Economic Affairs, is now on a tour of Bloc countries.

All European Satellites except Albania reportedly will participate as subcontractors in the construction of the first stage of Egypt's Aswan High Dam. There is no indication, however, that any subcontracts have as yet been signed.

TASS reported on 15 February that the Soviet Red Cross was delivering 10,000 tons of wheat free of charge to Yemen and that the first shipment had left that day.

Iraqi government sources have indicated that the USSR will actively participate in the new Iraqi development plan which is now in its formative stage. An Iraqi delegation is en route to Moscow to confer on the final terms of an agreement. The USSR reportedly is offering to participate in 26 of 52 industrial projects and 6 irrigation projects, with credits running from 7 to 10 years at 2-1/2 percent interest.

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Medical and public health assistance has become an increasingly important part of Bloc aid programs in underdeveloped countries of the Free World. Available information indicates that in general the program has been well received and that it has advanced Bloc prestige in the underdeveloped countries concerned.

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